GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:4644
ANSWERED ON:15.12.2016
Devolution of Funds to Panchayats
Gandhi Shri Feroze Varun

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Panchayats are unable to handle the high amount of funds allocated by 14th Finance Commission directly for their use;
(b) if so, the details thereof; and
(c) the steps being taken/proposed to be taken by the Union Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PANCHAYATI RAJ
(SHRI PARSHOTTAM RUPALA)

(a) and (b): To support and strengthen the Panchayats, the Government is providing grants under the Fourteenth Finance Commission (FFC) award for the period 2015-20, to the tune of Rs. 2, 00,292.20 crore to the Gram Panchayats (GPs) constituted under Part IX of the Constitution and to the State of Jammu and Kashmir for delivery of basic services. The grants are provided exclusive to GPs which offers them an unique opportunity to strengthen local governance. The FFC grants are allocated and released to various States by the Ministry of Finance in accordance with their guidelines dated 8-10-2015. Allocation and releases of Basic Grant for the years 2015-16 and 2016-17 under FFC award (period 2015-20) is at Annexe. So far, no State or GP has reported inability to handle the high amounts of funds allocated under 14th Finance Commission directly for their use.
(c) The Union Government has been providing proactive support to develop convergent participatory local development plans and institutional support structures in order to utilize the funds available with Panchayats optimally, to develop budgeting, accounting and auditing manuals to improve the financial management of Panchayats, and financial and technical assistance for capacity building of the various stakeholders of Panchayats for their improved functioning. A Coordination Committee for providing guidance and support to the State Governments and Local Bodies on implementation of recommendations of the FFC at the Central level has also been constituted vide Ministry of Finance guidelines dated 8-10-2015 which periodically reviews utilization of funds under the FFC award. Besides, the progress is reviewed in the meetings with the officials of the State Governments. To facilitate better monitoring of release/sector-wise expenditure made by GPs from FFC grants, MoPR has also developed online system (MIS) under PlanPlus application (http://planningonline.gov.in/ffcReport.jsp).
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